

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE TARIFF APPLICATION OF KENTUCKY-)	
AMERICAN WATER COMPANY PROCEDURES FOR)	CASE NO. 10423
COMPUTING REVENUE REQUIREMENTS)	

O R D E R

IT IS ORDERED that Kentucky-American Water Company ("Kentucky-American") shall file an original and 12 copies of the following information with the Commission with a copy to all parties of record no later than January 18, 1989. If the information cannot be provided by this date, Kentucky-American should submit a Motion for an Extension of Time stating the reason a delay is necessary and include a date by which it will be furnished. Such motion will be considered by the Commission. Kentucky-American shall furnish with each response the name of the witness who will be available at the public hearing for responding to questions concerning each item of information requested.

1. In response to Item No. 3 of the Commission's information request dated November 28, 1988, Kentucky-American provided the yearly budget forecasts for the period covering the construction of Kentucky River Treatment Plant No. II. In response to Item No. 6, Kentucky-American identified four alternatives to the proposed step rate increases. With regard to the projected budgets and the five alternatives, provide the following information separately for each alternative:

a. The number of general and step rate cases Kentucky-American would expect to file and the projected filing dates.

b. Provide the projected rate bases for each filing. If another approach is used to determine the revenue requirements, provide the basis for that approach.

c. Provide the appropriate capital structure and the overall rate of return projected for each general and step rate filing.

d. Based on Kentucky-American's yearly budget forecasts and the past rate-making practices of this Commission, calculate Kentucky-American's projected revenue requirements for each general and step rate filing. Separately identify portions related to the construction.

e. Provide the projected cash flows under each alternative and the effects the general and step rate increases will have on those projections.

f. Provide the method of financing for each of the alternatives and the associated cost.

g. Provide the estimated effect each alternative will have on the average consumer's bill and the timing each would be effective.

2. Provide all workpapers, assumptions, and calculations supporting the information requested in items 1.a. through 1.g.

Done at Frankfort, Kentucky, this 10th day of January, 1989.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Executive Director